

Fiscal Services Division
Legislative Services Agency
Fiscal Note

HF 2784 - Increase Gaming Tax (LSB 5566 HZ)

Analyst: Douglas Wulf (Phone: [515] 281-3250) (douglas.wulf@legis.state.ia.us)

Fiscal Note Version - New

Description

House File 2784 increases the percentage of adjusted gross receipts (AGR) from racetracks and excursion boat casinos that goes to the County Endowment Fund to 0.8%. The Bill also creates a standing appropriation of 0.1% less \$260,000 of the AGR to the Community Development Division of the Department of Economic Development (DED) for purposes of marketing and tourism and provides that 0.1% less \$260,000 of the AGR annually goes to the General Fund to fund the Endow Iowa Tax Credit. The Bill appropriates \$520,000 annually to the Department of Cultural Affairs with one-half to be used for operational support grants and one half for the Community Cultural Grants Program. Additionally, the Bill eliminates the June 30, 2010, repeal of the Endow Iowa Tax Credit. The Bill takes effect on July 1, 2007.

Background

During the 2004 Legislative Session, HF 2302 (Gambling Act) increased the amount of AGR from 0.2% to 0.5% for the Gambler's Treatment Fund, created the County Endowment Fund, and provided that the Fund receives 0.5% of the AGR. Funds received by the County Endowment Fund are to be used by counties not having a licensed casino, to provide grants for charitable purposes.

Assumptions

Based on the most recent meeting of the Revenue Estimating Conference (REC) current law will generate \$6.3 million in FY 2007 for deposit in the County Endowment Fund. That estimate includes the four new excursion gambling boats being fully operational. This estimate assumes no increase in gambling revenues for FY 2008.

Fiscal Impact

The Bill will result in an estimated additional \$3.8 million deposited in County Endowment Fund, \$1.0 million appropriated to the DED for regional tourism marketing, \$1.0 million credited to the General Fund to fund the Endow Iowa Tax Credit, and \$520,000 is appropriated to the Department of Cultural Affairs for operational support grants and the Community Cultural Grants Program in FY 2008. The Bill will also reduce funds to the Rebuild Iowa Infrastructure Fund by \$6.3 million in FY 2008.

Source

REC working papers

/s/ Holly M. Lyons

April 3, 2006

The fiscal note and correctional impact statement for this bill was prepared pursuant to Joint Rule 17 and pursuant to Section 2.56, Code of Iowa. Data used in developing this fiscal note and correctional impact statement are available from the Fiscal Services Division, Legislative Services Agency to members of the Legislature upon request.
